

10-14-95 10:10 From: EATON Corp  
**EATON**

Best Available Copy

Internal Correspondence

Date : 17Jul95

To : D. Alles, M. Amsallen, A. Best, M. Boardman, J. Carpenter, B. Coe, A. Davis, K. Davis, G. Dettloff, D. DeZeeuw, R. Duerr, S. Edelen, D. Depta, T. Fanning, T. Genise-CoRD-DC, D. Gooch, D. Heystek, R. Hobbie, R. Holmes-CoRD-DC, D. Janecke, F. Kinney, J. McReynolds, T. Morscheck, R. Muth, G. Organek-CoRD-DC, J. Rawsky, D. Renz, L. Roberts, D. Rozsi, R. Selkirk, J. Steeby, J. Stevens, R. Tooker, B. Vincent, J. Walker, J. Warren, B. Woll, D. Wood, M. Yukich

Copy : M. Daly - Hounslow, M. Fowler - Manchester

From : William A. Batten

Subject : Automation Strategic Planning Meeting Minutes

### CONFIDENTIAL

The following comments/issues were the result of the Automation Strategic Planning meetings held on 14JUL95 at the Marshall Proving Grounds. Follow-up meetings will be scheduled for many of these items in the near future. However, in the interest of timeliness, these minutes as well as all of the presentation materials are being issued now.

#### SPECIFIC ACTION PLANS

- Ignore CEEMAT Sunk Cost. Prepare CEEMAT/CEMT P&L Statement using existing capital base at APC and Shenandoah.
- Prepare three P&L Statements for Automated Transmissions:
  - CEEMAT / CEMT
  - AutoSelect / AutoShift
  - Super 10 Top 2P&L Statements should account for Actual Warranty/Policy dollars, Royalties and Service Parts sales.
- Eliminate "Double Dipping" of profit margins on electronics. Utilize the "Corporate Inter-Company Pricing Method" between TCONA and Watertown on all electronics.
- Implement the "Service 2000 Team" recommendations. Tools and training are going very slowly.

- A "Materials Team" should be formed at the APC to be dedicated towards Automated Transmissions. This team will be formed from existing personnel at TCONA and relocated to Oshtemo. Including:

**PURCHASING  
MATERIAL PLANNING  
SUPPLIER QUALITY**

- Maintain sufficient Engineering resources for current product support of Automated Transmissions.

- AutoSelect pricing must be lowered if it is to sell in the fleet market. However, previous Allison buyers are not so price sensitive. Therefore, a strategy must be employed to target price this product depending on the vocation. A separate meeting will be called in the future to address this situation.

- Automated Transmissions must be promoted if they are expected to sell. Individual promotion budgets should be established for each of the Automated Transmissions for 1996.

- The 5 Year Strat Plan must be adhered to. Any changes must yield more value to the corporation.

### GENERAL COMMENTS

- Automation is an engineering intensive business with a low capital requirement in contrast to our conventional mechanical business which tends to be very capital intensive with less engineering resources required.

- "House of Quality" or customer values will be significantly different for customers in Europe and/or Asia.

- We must schedule our new product introduction around technology and not technology around our new product introductions. Scheduled inventions rarely work!

- There is a potential of taking approximately \$1200.00 out of the cost of the AutoSelect and AutoShift products in the 1998 time frame.

- The APC has been set-up for 100% inspection of all incoming parts. This is in contrast to our current high volume plant philosophy.

- New products require dedicated resources.



## Internal Correspondence

- The reliability of our Automated Transmissions must be significantly improved before our field organization will sell them. The CEMT is an example of a product that has good quality and is selling well.
- The AutoShift may replace much of the AutoSelect sales. However, there will most likely always be a market for the AutoSelect even if it is small.
- The AutoSplit should not be introduced until one year after the 747 base transmission is in full production. Also, this project must be properly staffed with the correct dedicated resources prior to initiation. (It should be noted that not everyone agreed with this strategy. It delays the AutoSplit until at least the 1999 model year.)

As a reference, the vehicles & displays were presented by the following individuals:

### RIDE & DRIVE

- |                           |                 |
|---------------------------|-----------------|
| - Super 10 Top 2          | Jon Steeby      |
| - AutoSelect              | Don Rozsi       |
| - AutoShift Truck         | Marcel Amsallen |
| - CEEMAT                  | Mark Boardman   |
| - AutoSplit Concept Truck | Tom Genise      |
| - Allison MD              | Rolf Duerr      |

### STATIC DISPLAYS

- |                              |                |
|------------------------------|----------------|
| - Super 10 Top 2             | Dan Janecke    |
| - AutoShift                  | "              |
| - CEEMAT                     | "              |
| - Push-In Speed Sensor       | Jeff Carpenter |
| - Arens Display              | "              |
| - Cost Reduced Shift Console | "              |
| - Ball Ramp Inertia Brake    | Al Davis       |
| - UATF                       | Don Bolthouse  |
| - MPSI Tools                 | Reed Selkirk   |

If you have any suggestions for this meeting, please give me a call.

Thanks,

Bill

# AGENDA

## AUTOMATION STRATEGIC PLANNING MEETING 14JUL95; MARSHALL PROVING GROUNDS

- 7:00      RIDE & DRIVE      STATIC DISPLAYS
- Dana Automate II
  - Super 10 Top 2
  - AutoSplit Concept Vehicle
  - AutoSelect
  - AutoShift Truck
  - CEEMAT
  - Allison MD
  - Super 10 Top 2
  - Push-In Speed Sensor
  - Arens Display
  - Cost Reduced Shift Console
  - Ball Ramp Inertia Brake
  - AutoShift
  - CEEMAT
  - UATF
  - MPSI Diagnostic Tools
- 8:45      Why We Are Here      George Dettloff
- Mission Statements
  - Automation Vision
    - Where Are We Going
  - TCONA Strategic Plan
    - Strategic Value of Automation
- 9:00      Automation Environment      Bill Batten
- Benchmarking
  - SWOT Analysis
- 9:30      Break
- 9:45      SPPD for Automation      Steve Edelen
- Lessons Learned
- 10:30      Business Strategies      Bill Batten
- Current Marketing Situation
  - Strategies

# **AGENDA**

## **AUTOMATION STRATEGIC PLANNING MEETING 14JUL95; MARSHALL PROVING GROUNDS**

11:00

### **Action Plan**

- Strengthening the 5 Year P & L
  - Realistic Payback Timing
  - Product Line Reporting
  - Watertown Partnership
- Adequately Supporting Existing Products
  - Service, Training, Accounting, Material Control, Engineering, APC Team, AutoSplit
- Promotion
  - AutoSelect Pricing
  - Promotion Budget
- Continued Support of 5 Year Plan
  - Changes Must Yield Value

**Tony Fanning**

**Bill Batten**

**Bill Batten**

12:00

### **Lunch**

### **Potential Partnership Discussion**

- Clark-Hurth
- Allison
- Wire Harness Manf.
- Watertown (Electronics)

**All**

12:30

### **Next Review**

- Market Response to Current Action Items
  - AC Seed Program
  - CEEMAT w/ ESL
  - Automation Service Strategy

**Bill Batten**

# AGENDA

## AUTOMATION STRATEGIC PLANNING MEETING

### 14JUL95; MARSHALL PROVING GROUNDS

- |      |   |  |
|------|---|--|
| 1:00 | <u><b>RIDE &amp; DRIVE</b></u> <ul style="list-style-type: none"> <li>- Dana Automate II</li> <li>- Super 10 Top 2</li> <li>- AutoSplit Concept Vehicle</li> <li>- AutoSelect</li> <li>- AutoShift Truck</li> <li>- CEEMAT</li> <li>- Allison MD</li> </ul>   | <u><b>STATIC DISPLAYS</b></u> <ul style="list-style-type: none"> <li>- Super 10 Top 2</li> <li>- Push-In Speed Sensor</li> <li>- Arens Display</li> <li>- Cost Reduced Shift Console</li> <li>- Ball Ramp Inertia Brake</li> <li>- AutoShift</li> <li>- CEEMAT</li> <li>- UATF</li> <li>- MPSI Diagnostic Tools</li> </ul> |
| 2:15 | <b>Why We Are Here</b> <ul style="list-style-type: none"> <li>- Mission Statements</li> <li>- Automation Vision                             <ul style="list-style-type: none"> <li>- Where Are We Going</li> </ul> </li> <li>- TCONA Strategic Plan                             <ul style="list-style-type: none"> <li>- Strategic Value of Automation</li> </ul> </li> </ul> | George Dettloff  |
| 2:30 | <b>Automation Environment</b> <ul style="list-style-type: none"> <li>- Benchmarking</li> <li>- SWOT Analysis</li> </ul>   | Bill Batten  |
| 2:45 | <b>Break</b>  |  |
| 3:00 | <b>SPPD for Automation</b> <ul style="list-style-type: none"> <li>- Lessons Learned</li> </ul>  | Steve Edelen   |
| 3:30 | <b>Business Strategies</b> <ul style="list-style-type: none"> <li>- Current Marketing Situation</li> <li>- Strategies</li> </ul>  | Bill Batten  |

**AGENDA**  
**AUTOMATION STRATEGIC PLANNING MEETING**  
**14JUL95; MARSHALL PROVING GROUNDS**

**4:00 Action Plan**

- Strengthening the 5 Year P & L
  - Realistic Payback Timing
  - Product Line Reporting
  - Watertown Partnership

**Tony Fanning**

- Adequately Supporting Existing Products
  - Service, Training, Accounting, Material Control, Engineering, APC Team, AutoSplit

**Bill Batten**

- Promotion
  - AutoSelect Pricing
  - Promotion Budget

- Continued Support of 5 Year Plan
  - Changes Must Yield Value

**Bill Batten**

**4:55 Next Review**

- Market Response to Current Action Items
  - AC Seed Program
  - CEEMAT w/ ESL
  - Automation Service Strategy

**Bill Batten**



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